

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

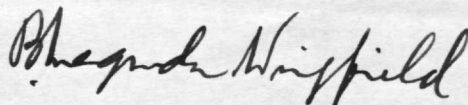
1254

Office Correspondence

Date March 17, 1938Chairman Eccles and Governors Davis,
To Ransom, McKee, SzymczakFrom Mr. Wingfield, Assistant General CounselSubject: Tabulations of certain powers
vested in various supervisory agencies
over banks and holding company affil-
iates and affiliates of member banks.

For your information, there are attached hereto (1) a photostatic copy of a tabulation showing examining authority over banks vested in the various supervisory agencies, and (2) a photostatic copy of a tabulation showing the supervisory powers of the various agencies over holding company affiliates and affiliates of member banks. You will note that this second tabulation also includes information as to the additional powers over holding company affiliates and affiliates of member banks which would be vested in the FDIC under the pending Bill S. 3575.

Respectfully,

B. Magruder Wingfield,
Assistant General Counsel.

Attachments.

MONOPLANE
BOND

Authority to Examine	Board of Governors	Federal Reserve Bank	Comptroller of Currency	Federal Deposit Insurance Corporation	Reconstruction Finance Corporation	State Authorities
National Bank	May examine (secs. 9 and 11(a), F. R. Act); may examine if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit (sec. 5144, R. S.); may make "inspections" under Securities Exchange Act (sec. 17(b), Sec. Exch. Act of 1934); may specially examine foreign branches of national bank (sec. 25(a), F. R. Act). Not practice to examine.	May make special examination in own district with approval of Board of Governors (sec. 21, F. R. Act); may examine if affiliate of State member bank in own district (sec. 9, F. R. Act), or if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit and has subsidiary member bank in district of F. R. bank (sec. 5144, R. S.). Not practice to examine.	Required to examine at least twice yearly (sec. 21, F. R. Act). It is practice to examine.	May examine with written consent of Comptroller of Currency (sec. 12B(k)(2), F. R. Act). Not practice to examine.	By agreement, may examine if it has loans in bank or owns preferred stock or capital notes or debentures of bank; each bank applying for loan must consent to such examination as R.F.C. may require for purpose of exercising its functions (sec. 8, R.F.C. Act). Not practice to examine.	Not authorized to examine.
State Member Bank	May examine (secs. 9 and 11(a), F. R. Act); may examine if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit (sec. 5144, R. S.); may make "inspections" under Securities Exchange Act (sec. 17(b), Sec. Exch. Act of 1934). Not practice to examine.	May examine in own district (secs. 9 and 21, F. R. Act); may examine if affiliate of State member bank in own district (sec. 9, F. R. Act), or if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit and has subsidiary member bank in district of F. R. bank (sec. 5144, R. S.). It is practice to examine every State member bank in own district once each year and wherever practicable such examinations are made jointly with State authorities.	May examine if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit and national bank is subsidiary of such holding company affiliate (sec. 5144, R. S.). Not practice to examine.	May examine with written consent of Board of Governors (sec. 12B(k)(2), F. R. Act). Not practice to examine.	By agreement, may examine if it has loans in bank or owns preferred stock or capital notes or debentures of bank; each bank applying for loan must consent to such examination as R.F.C. may require for purpose of exercising its functions (sec. 8, R.F.C. Act). Not practice to examine.	May examine under State law. It is practice to examine.
State Nonmember Insured Bank	May examine if affiliate of State member bank (sec. 9, F. R. Act), or if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit (sec. 5144, R. S.); may make "inspections" under Securities Exchange Act (sec. 17(b), Sec. Exch. Act of 1934). Not practice to examine.	May examine if affiliate of State member bank in own district (sec. 9, F. R. Act), or if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit and has subsidiary member bank in district of F. R. bank (sec. 5144, R. S.). Not practice to examine; however, it is practice to examine State banks applying for membership in F. R. System.	May examine if affiliate of national bank (sec. 21, F. R. Act), or if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit and national bank is subsidiary of such holding company affiliate (sec. 5144, R. S.). Not practice to examine.	May examine (sec. 12B(k)(2), F. R. Act). It is practice to examine once each year and wherever practicable such examinations are made jointly with State authorities.	By agreement, may examine if it has loans in bank or owns preferred stock or capital notes or debentures of bank; each bank applying for loan must consent to such examination as R.F.C. may require for purpose of exercising its functions (sec. 8, R.F.C. Act). Not practice to examine.	May examine under State law. It is practice to examine.
Uninsured State Bank	May examine if affiliate of State member bank (sec. 9, F. R. Act), or if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit (sec. 5144, R. S.); may make "inspections" under Securities Exchange Act (sec. 17(b), Sec. Exch. Act of 1934). Not practice to examine.	May examine if affiliate of State member bank in own district (sec. 9, F. R. Act), or if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit and has subsidiary member bank in district of F. R. bank (sec. 5144, R. S.). Makes such examinations as are necessary to disclose fully relations between uninsured State bank and member bank and effect thereof on member bank. It is also practice to examine uninsured State bank applying for membership in F. R. System.	May examine if affiliate of national bank (sec. 21, F. R. Act), or if holding company affiliate or subsidiary of holding company affiliate, if such holding company affiliate has applied to Board of Governors for voting permit and national bank is subsidiary of such holding company affiliate (sec. 5144, R. S.). Makes such examinations as are necessary to disclose fully relations between uninsured State bank and national bank and effect thereof on national bank.	May examine in case of application to become insured bank (sec. 12B(k)(2), F. R. Act). It is practice to examine for this purpose.	By agreement, may examine if it has loans in bank or owns preferred stock or capital notes or debentures of uninsured State bank; each bank applying for loan must consent to such examination as R.F.C. may require for purpose of exercising its functions (sec. 8, R.F.C. Act). It is understood that R.F.C. does not have any such loans, preferred stock or capital notes or debentures.	May examine under State law. It is practice to examine.
Federal Reserve Bank	Required to examine at least once each year (secs. 11(a) and 21, F. R. Act). It is practice to examine once each year.	Not authorized to examine.	Not authorized to examine.	Not authorized to examine.	Not authorized to examine.	Not authorized to examine.

Supervisory Powers Over	BOARD OF GOVERNORS	FEDERAL RESERVE BANK	COMPTROLLER OF CURRENCY	FEDERAL DEPOSIT INSURANCE CORPORATION	
				Under present law	Under S.3575 (75th Cong., 3rd Sess.), as introduced Jan. 6, 1938
Holding Company Affiliate of Member Bank	May grant voting permit (sec.9,F.R.Act; sec.5144,R.S.).	No authority to grant voting permits.	No authority to grant voting permits.	No authority to grant voting permits.	Must give consent before Board may grant or extend voting permit (sec.8, S.3575).
	May revoke voting permit for violation of Bkg Act of 1933 or agreement made pursuant to section 5144,R.S.(sec.9,F.R.Act; sec.5144,R.S.). (NOTE:-In event of revocation, may require State member bank affiliated with holding company affiliate to forfeit membership in F.R.System (sec.9,F.R.Act), and national bank, stock of which is controlled by holding company affiliate, to forfeit charter (sec.5144, R.S.). If membership or charter forfeited, bank's insured status shall terminate (sec.12B(1)(2),F.R.Act).)	No authority to revoke voting permits.	No authority to revoke voting permits.	No authority in connection with revocation of voting permits.	May require Board to revoke voting permit for violation of S.3575; in case of such violation, F.D.I.C. may terminate insured status of bank (sec.11,S.3575). (NOTE:-If insured status is terminated, Board, if bank is State member bank, "shall terminate its membership" in F.R.System, and Comptroller, if bank is national bank, "shall appoint" receiver for bank (sec.12B(1)(2),F.R.Act).)
	May examine holding company affiliate which has applied for voting permit or any subsidiary banks thereof (sec.5144, R.S.).	May examine holding company affiliate or subsidiary banks thereof if such holding company affiliate has applied for voting permit and has subsidiary member bank in district of F.R.bank (sec.5144, R.S.).	May examine holding company affiliate or subsidiary banks thereof if such holding company affiliate has applied for voting permit and has national bank as subsidiary thereof (sec.5144,R.S.).	No authority to examine holding company affiliate as such. If holding company affiliate happens to be bank authority to examine is same as for any bank (sec.12B(k)(2),F.R.Act).	May "make such investigations * * * as shall be necessary or proper to disclose the condition of any insured bank or the effect of the relations between any holding company or affiliate and any insured bank, upon the Federal deposit insurance system or any insured bank" (sec.7,S.3575).
Affiliate of Member Bank	State member bank must yearly furnish Board not less than 3 reports of holding company affiliate, other than member bank, showing information Board deems necessary to disclose fully relations between holding company affiliate and bank and to enable Board to learn effect thereof on bank. Board may require additional reports of such holding company affiliate (sec.9, F.R.Act). Board may require subsidiary banks of holding company affiliate which has applied for voting permit to publish statements of their condition (sec.5144, R.S.).	State member bank must yearly furnish F.R.bank of its district not less than 3 reports of holding company affiliate, other than member bank, showing information Board deems necessary to disclose fully relations between holding company affiliate and bank and to enable Board to learn effect thereof on bank. F.R.bank may require additional reports of such holding company affiliate (sec.9, F.R.Act).	National bank must yearly furnish Comptroller not less than 3 reports of holding company affiliate, other than member bank, showing information he deems necessary to disclose fully relations between holding company affiliate and bank and to enable him to learn effect thereof on bank. Comptroller may call for additional reports of such holding company affiliate (sec.5211,R.S.).	No authority to require reports of condition from holding company affiliate as such. If holding company affiliate happens to be bank authority in connection with reports is same as for any bank (sec.12B(k)(3)(4),F.R.Act).	Holding company must file with F.D.I.C. such reports as it prescribes "necessary or appropriate for the proper consideration of the condition of any insured bank or for the proper supervision of the Federal deposit insurance system" (sec.7,S.3575).
	May examine affiliates of State member bank (sec.9,F.R.Act), but may waive examination (sec.21,F.R.Act).	May examine affiliates of State member bank in own district (sec.9,F.R.Act) unless Board waives examination (sec.21,F.R.Act).	May examine affiliates of national bank, other than member bank, but may waive examination (sec.21, F.R.Act).	No authority to examine affiliate as such. If affiliate happens to be bank authority to examine is same as for any bank (sec.12B(k)(2),F.R.Act).	May "make such investigations * * * as shall be necessary or proper to disclose the condition of any insured bank or the effect of the relations between any holding company or affiliate and any insured bank, upon the Federal deposit insurance system or any insured bank" (sec.7,S.3575).
	Unless Board waives such reports (sec.21,F.R.Act), State member bank must yearly furnish Board not less than 3 reports of affiliates, other than member banks, showing information Board deems necessary to disclose fully relations between each affiliate and bank and to enable Board to learn effect thereof on bank. Board may require additional reports of such affiliates (sec.9,F.R.Act).	Unless Board waives such reports (sec.21,F.R.Act), State member bank must yearly furnish F.R.bank of its district not less than 3 reports of affiliates, other than member banks, showing information Board deems necessary to disclose fully relations between each affiliate and bank and to enable Board to learn effect thereof on bank. F.R.bank may require additional reports of such affiliates (sec.9,F.R.Act).	Unless Comptroller waives such reports (sec.21,F.R.Act), national bank must yearly furnish Comptroller not less than 3 reports of affiliates, other than member banks, showing information he deems necessary to disclose fully relations between each affiliate and bank and to enable him to learn effect thereof on bank. Comptroller may call for additional reports of such affiliates (sec.5211,R.S.).	No authority to require reports of condition from affiliate as such. If affiliate happens to be bank authority in connection with reports is same as for any bank (sec.12B(k)(3)(4),F.R.Act).	Affiliate must file with F.D. I.C. such reports as it prescribes "necessary or appropriate for the proper consideration of the condition of any insured bank or for the proper supervision of the Federal deposit insurance system" (sec.7,S.3575).

Definition of holding company in S.3575 is based on 10 per cent control of stock in any insured bank and this definition and the definition of an affiliate of any insured bank is different from the definitions of holding company affiliates and affiliates of member banks contained in the Banking Act of 1933. The existing definitions are not repealed.

Wherever term "insured bank" is used herein, it means State member bank, national bank and/or State nonmember insured bank.